

The Senate Small Business Committee is scheduled to hold hearings on the issue this morning. The Commerce Department would be the winner under the proposed legislation, which the full Senate is scheduled to take up this month and which the House already has passed.

But the SBA and its backers in the Senate argue that the new effort would be almost an exact duplication of the SBA's small-business investment company program and are pressing to wrap it into the agency's existing effort. Like the SBA program, the new plan calls for venture capital firms to obtain a government license and then add federal funds to their own to boost investments in emerging companies.

The administration still hasn't decided which agency it wants to run the new financing program. A White House official said the administration clearly wants to expand the Commerce Department's role in advancing high technology, but said it is uncertain whether the department will have a role in financing it.

The SBA knows exactly how it stands on the issue. "I feel very strongly the program should be here," says Erskine Bowles, the new SBA administrator who previously headed his own investment banking firm in North Carolina. "You don't have to be a high tech guru to decide which venture capitalists you should deal with—I have more experience dealing with venture capital than anyone in this government."

Mr. Bowles is pitted against Commerce Secretary Ronald Brown, who has embraced the administration's effort to advance critical technologies. Commerce officials say the agency is studying how the program would fit in with its "leadership role" on civilian technology programs.

The SBA's investment-company program was started 35 years ago, after the Russian Sputnik rocket was launched, to fund high technology start-up businesses. But beginning in 1980, many of the investment companies that the program sponsored ran into serious financial trouble. The SBA had to liquidate the assets of 191 of these concerns. Investigators blamed the problems on the recession and poor SBA oversight. Currently about 300 of the investment companies are operating.

The program was overhauled last year to make it focus more on equity investments rather than loans. But Barbara Plantholt, president and chief executive officer of Triad Investors Corp., of Baltimore, Md., says she "gave up on the SBA program last fall." She said her venture-capital firm had considered joining the SBA program, but decided against it because, under the rules, the federal government must be the first investor to get its share of the profit from an investment. She says that rule would force the private partners to wait even longer for a return, a prospect they didn't like. But Mrs. Plantholt said versions of the Commerce program she's seen are too complicated.

Sen. Jay Rockefeller, one of the main proponents of putting the new investment program in the Commerce Department, says the SBA's program doesn't address the decline in venture capital for early-stage investments in critical technologies. "Only 19% of SBIC funds go to anything within the broadest definition of technology," the West Virginia Democrat says. "Further the SBA focuses \*\*\* only on small businesses. But critical technology isn't found solely in small companies." (Most discussions of the Commerce program have focused on small and midsize companies, however.)

The new program would provide early-stage investment money, or seed capital, for companies in industries such as advanced electronics, new industrial materials and

biotechnology, says an aide to the senator. The Senate bill provides \$100 million over a two-year period for the effort, beginning in fiscal year 1995. The SBIC program provided about \$36 million in financing last year, including about \$70 million for technology companies.

Venture capitalists have lined up on both sides of the emotional dispute. Patricia Cloberty, president of Patriot & Co., a New York venture-capital fund, who wrote the reforms for the SBA program that Congress later adopted, is particularly incensed. She says the proposed Commerce Department program would favor large businesses and would offer them funding more cheaply, without safeguarding the government's money.

"It gives money away with no strings attached. This is destructive and a sure money-loser," says Ms. Cloberty, who is also vice president-elect of the National Venture Capital Association. She believes two separate government-sponsored venture programs would invite abuse.

With the Senate scheduled to vote soon, several members of the Small Business Committee are lobbying their colleagues to simply broaden the mandate of the SBA's existing program instead of creating a new one. Committee Chairman Dale Bumpers (D., Ark.) and Sen. Larry Pressler (R., S.D.) say the Commerce Department program would serve only big companies that could get bank financing. "I'm really upset about this. To build a whole new program is silly; it's an example of what's wrong with government," Sen. Bumpers says.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the hour of 11 a.m. having passed, morning business is closed.

#### CONGRESSIONAL SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

The PRESIDING OFFICER. The Senate will now resume consideration of S. 3, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 3) entitled the Congressional Spending Limit and Election Reform Act of 1993.

The Senate resumed consideration of the bill.

Pending:

(1) Mitchell/Ford/Boren amendment No. 366, in the nature of a substitute.

(2) McConnell amendment No. 367 (to amendment No. 366), to require disclosure of communications paid with taxpayer funds.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, was leaders' time reserved?

The PRESIDING OFFICER. The time is available.

#### THE LOS ANGELES AND TEXAS MESSAGE

Mr. DOLE. Mr. President, the voters have spoken again, and it is another loud and clear message: No more business as usual in Texas and now in Los Angeles.

On the heels of KAY BAILEY HUTCHINSON's landslide win in Texas, Richard Riordan's impressive victory in Los Angeles is the latest proof that people of all parties and all ethnic backgrounds are looking to Republican leadership to help solve our national and urban challenges.

I wish to congratulate Mayor-elect Riordan for his successful campaign and for his message of hope and real change in a city that is crying out for leadership.

Whether it is Los Angeles or Texas, it is clear the American people are fed up with the liberal status quo where the only solution to every problem is to raise taxes, strangle businesses with job-killing mandates and to hope that big Government in Washington somehow comes to the rescue.

Well, those are deadbeat policies, the kind of visionless programs that have sent people to the polls looking for real change, real alternatives, and real mainstream solutions, and that is just what they will be getting in Los Angeles and Texas with their new Republican leaders.

I hope the Clinton administration is tuning into these dramatic messages from the real world. The American people want fresh bipartisan solutions to the challenges confronting America. They do not want the same old stuff they thought they were voting against last year, and they do not want the stuff they have been getting so far from an administration that seems to be out of touch with the mainstream—and Main Street, I might add.

The bottom line is the American people want President Clinton to listen to them. And they also want us to listen to them. They want him and they want us to work together and work with each other, Republicans and independents, and they want him to back off his one-party strategy to raise taxes, avoid real spending cuts, and saddle working America with more big Government mandates.

I also want to congratulate Republican Bill McCampbell for the fine race he ran in a heavily Democrat congressional district in California. The 43 percent who voted for Mr. McCampbell are also part of this loud and clear message to Washington.

Even the Associated Press commented that "The closeness of the race was a surprise in a district where registered Democrats outnumber Republicans by a ratio of nearly 2 to 1."

So everywhere you go the message is the same: Stop the taxes. Stop the taxes. Stop the taxes. I think we are

hearing it. Democrats and Republicans in the Congress, I hope, are hearing it. We will find out when we start voting around here in 2 or 3 weeks. So let us hope the message is getting through.

Even the Washington Post today recognized the strength of the message from Texas reporting that—

The massive Democrat defeat sent shock waves through Democratic ranks and heightened fears among Democrats that they could lose their Senate majority and their chairmanships next year when 21 Democrats and 13 Republicans face voters.

That is not Bob Dole talking. That is David Broder, in the Washington Post, which has never been accused of being a Republican newsletter.

Mr. President, the bottom line message coming from Texas, Los Angeles, and northern California is simple. The American people want change, and the Republicans are delivering it.

I will just say in closing, in my visits to California last week and my visits to Texas and to my home State and other States, Montana, Missouri, Florida, and Nevada, I think the message is pretty much the same wherever you go. It is pretty much the same from Democrats and Republicans or Independents. It is pretty much the same from the people out there trying to make work, small business men and women, the people out there working in small business or corporate leaders or whatever it may be, farmers, agriculture, ranchers, wherever you go, the message is pretty much the same: Stop taxing us to death and start focusing on spending. Start with the Congress. Start with the executive branch. Stop taxing America every time you want to spend more money.

As pointed out in another column today in the Washington Post, President Clinton talks about cutting spending, and he does not tell you a thing about the \$135 to \$140 billion in new programs he has in this budget package that does not reduce the deficit—maybe a little bit in a couple of years, and it is right back up over \$400 billion by the year 2000.

So, Mr. President, there is still time. I know as I speak Democrats are gathered to try to figure out some way to replace the so-called Btu tax. They may come up with something worse, hopefully not. But at least the Btu tax is dead. No thanks to the Democrats who voted for it in the House but thanks to the Democrats and Republicans on the Senate side. I believe there is a recognition that with the Btu tax in the package it cannot pass. That is just one facet.

We are reminded this morning in a meeting with a number of people who really are tax experts—not this Senator—about all the other bad provisions in this package, tax provisions that are going to impact on international competition, have an impact on small business, and all the other bad points of the package, the worst feature being the retroactive feature: Taxes start to increase in January 1993,

not January 1994. But if this package passed as President Clinton suggests, you would be paying taxes already, though most Americans do not know it, January, February, March, April, May, June, July this year.

Retroactive tax policy is terrible policy. Ninety-nine percent of the American people would wake up next April 15 and find out they owed a lot more in taxes because they did not know about this retroactive tax increase. It even goes back—at least they ought to start with the Democratic administration on January 20. Do not charge the 20 days of former President George Bush. So I hope that this retroactive tax policy will fall by the wayside.

I hope we will stop taking money away from the senior citizens, as pointed out again in one column, take money away from senior citizens who make less than \$25,000, or \$32,000 if married, and get into some other program, earned income tax credit where people are making more. It seems to me that something is wrong.

If we are going to reduce the deficit, that is one thing, but we are not going to reduce the deficit. We are going to raise everybody's taxes and take away Social Security income from seniors to spend more money for somebody's favorite social program.

If we do not understand what they said in Texas, if we do not understand what they said in Los Angeles, and if we do not understand what they said in that very safe Democratic district where the winner won by about 51 percent, then we need somebody to talk to us one on one, maybe some taxpayer in our State, Democratic or Republican, it does not make much difference because they are all saying the same thing: Cut spending first. Cut spending first.

I think some Americans would accept some increase in revenue if, in fact, they thought we were cutting spending first. I defy anybody to look at the President's package and look at the package we are going to consider, anybody in this Chamber, anybody else in the administration to tell us that it is not—I think the first year it is \$12 in tax increases for every \$1 in spending cuts. That is not going to change by changing the Btu tax. There is still going to be \$12 in taxes for every \$1 in spending cuts. Over the 5 years it is \$5 and something in the Senate bill in new taxes for every \$1 in spending cuts. That is not what the American people want. They want us to cut spending first.

I hope we can compromise. I hope the President will call together leadership in both parties and say, OK, we know we can do better; let us see if it can be bipartisan. Let us stop the Democratic gridlock. It is all on that side. They do not consult with us. We are prepared to help make some tough choices, but first we have to be asked, and we are not going to vote for a package that is loaded with taxes. Once that message is understood, it seems to me, the

American people, as they always have in the past, will say, OK, we will have more confidence in Congress, or the administration or whatever it may be.

Keep in mind, the bottom line is jobs and opportunities for Americans, jobs in the private sector, not jobs in the public sector; jobs in the private sector, real jobs for small business. That is where 80 percent of the jobs are. Eighty percent of jobs in America are with small businesses with 20 employees or less. And these big, big taxes on subchapter S corporations and other small businesses are not hitting the rich; they are hitting small businessmen and women who are out there trying to make it work in my State, in Colorado, wherever it may be. They understand taxes because all they do is get to pay more and more and more, and they have had enough. They have tried to tell us. They are going to tell us directly in 1994 if we do not get the message of 1993.

This is the year of the American taxpayer. This is the year the American taxpayer is going to be heard, and if we do not hear the taxpayer this year, it will be loud enough next year, in November 1994. Whether you can hear or not, you will understand the message.

Mr. President, I reserve the remainder of my time.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOREN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### CONGRESSIONAL SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

The Senate continued with the consideration of the bill.

Mr. BOREN. Mr. President, I had the privilege of hearing part of the remarks of the distinguished minority leader. I regret I was not able to hear all of them because I was already having some discussions off the floor about the pending matter, the campaign finance reform bill, which is a very important question for the American people as we struggle to find a way to reduce the amount of money that is pouring into campaigns, distorting the political process, over \$600 million in the last election, much of it from special interest groups, with the American people saying to us, we want action, we want action now to stop the money chase in American politics.

We have all been working hard on that. It is my hope, as I said to the distinguished floor manager, the Senator from Kentucky, on the other side last night, it is my hope we could come up with a time agreement that will allow for the consideration of all the amendments that those on the other side of the aisle want to offer and at the same